


2012 REGULAR SESSION
ACTUARIAL NOTE SB 24

Senate Bill 24 SLS 12RS-152 Enrolled Author: Senator Elbert L. Guillory Date: May 17, 2012 LLA Note SB 24.03 Organizations Affected: Registrars of Voters Employees' Retirement System (RVRS) EN INCREASE APV	The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
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Bill Header: REGISTRAR OF VOTERS RET. Provides for compliance with federal tax qualification requirements. (6/30/12)

Cost Summary:

Actuarial Cost/(Savings) to Retirement Systems and OGB	Increase
Total Five Year Fiscal Cost	
Expenditures	Increase
Revenues	Increase

The increases shown above are small to the point of being negligible.

Estimated Actuarial Impact:

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administrative or other fiscal concerns.

<u>Actuarial Cost (Savings) to:</u>	<u>Increase (Decrease) in The Actuarial Present Value</u>
All Louisiana Public Retirement Systems	Increase
Other Post Retirement Benefits	\$0
Total	Increase

The increases shown above are small to the point of being negligible.

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	Increase	Increase	Increase	Increase	Increase	Increase
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	Increase	Increase	Increase	Increase	Increase	Increase
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

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Bill Information:

Current Law

Federal law requires qualified retirement plans to provide special benefit rights to members serving in the military. Louisiana law pertaining to the Registrars of Voters Retirement System (RVRS) does not contain these provisions.

Proposed Law

SB 24 will bring RVRS into compliance with federal law with the following changes:

1. If a member dies while in qualified military service then his beneficiary shall be entitled to any benefit that would have been payable had the member not entered the military. Any benefit so payable to a beneficiary shall be based on benefit service credits the member had accumulated prior to his entry into the military.
2. RVRS board of trustees is authorized to maintain compliance with the Internal Revenue Code by promulgation of rules in accordance with the Administrative Procedures Act.

Implications of the Proposed Changes

SB 24 will bring RVRS into compliance with standards necessary to maintain the qualified status of the plan under the Internal Revenue Code and other federal law. Survivors of members of RVRS who die while serving in the military will receive greater death benefit rights upon enactment of SB 24 than they currently enjoy.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

Actuarial costs for RVRS will increase as a result of the enactment of SB 24. Actuarial costs increase any time a member is provided more rights under the system than he had before. However, the increase in cost is small to the point of being negligible.

Other Post Retirement Benefits

There are no actuarial costs associated with SB 24 for post-retirement benefits other than pensions.

Analysis of Fiscal Costs

Changes in fiscal costs are summarized below:

Expenditures:

1. Expenditures from RVRS (Agy Self Generated) will increase to the extent that a member dies while in military service and is entitled to benefits that he otherwise would not have been entitled to. These additional expenditures are expected to be small to the point of being negligible.
2. Although RVRS did not respond to our request for information, the increase in administrative costs to RVRS is expected to be negligible.
3. Expenditures of local funds are expected to increase to the extent that employer contribution requirements are increased to pay for increased benefit and administrative costs. These expenditures are expected to be small to the point of being negligible.

Revenues:

1. Revenues for RVRS (Agy Self Generated) are expected to increase to the extent that employer contribution requirements are increased to pay for increased benefit and administrative costs. These revenues are expected to be small to the point of being negligible.

Actuarial Credentials:

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

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Dual Referral:

Senate

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13.5.1 ≥ \$100,000 Annual Fiscal Cost

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13.5.2 ≥ \$100,000 Annual Tax or Fee Change

House

☐

6.8(F) ≥ \$100,000 Annual Fiscal Cost

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6.8(G) ≥ \$100,000 Tax or Fee Increase or a Net Fee Decrease